The Real Estate ANALYST

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A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends. Constantly measuring and reporting the basic economic factors responsible for changes in trends and values....Current Studies.... Survey.... Forecasts

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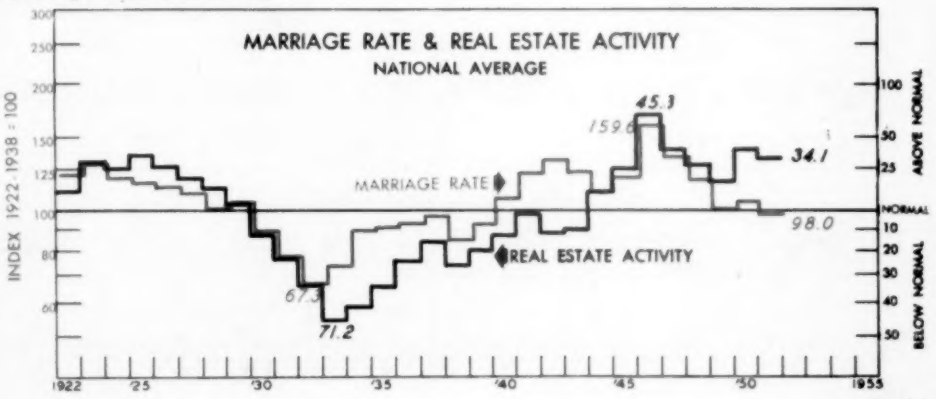
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

MARRIAGE RATE 39% BELOW PEAK

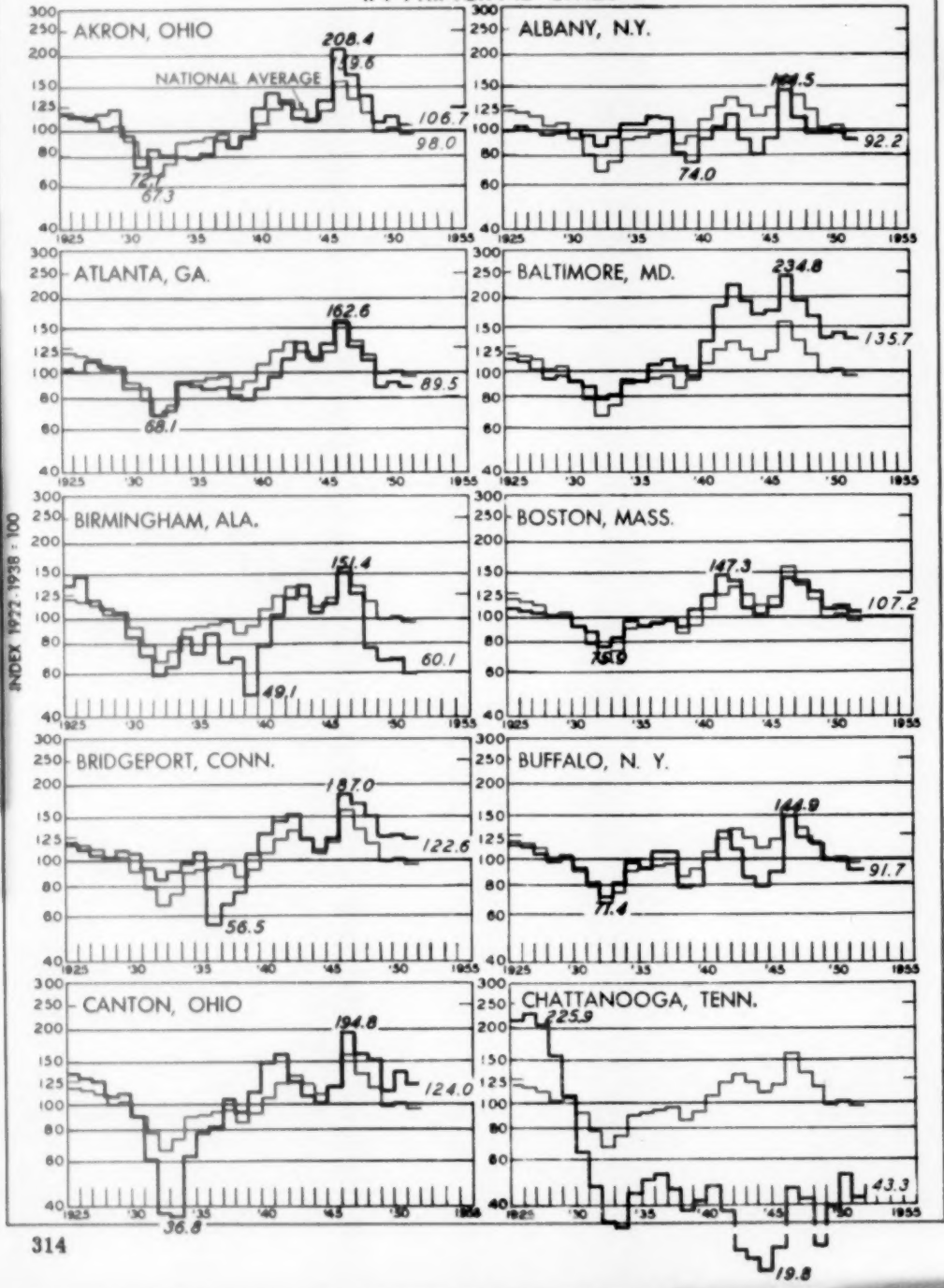
FOR the first time in 12 years, the marriage rate has dropped below the so-called normal line. In 1951, our index on marriages (compiled from the "Monthly Marriage Report," issued by the Federal Security Agency) dropped to 98.0. The chart below shows this drop from the peak of 159.6 reached in 1946. This is a drop of 39% in the last 5 years. Figures for the first 4 months of 1952 indicate that this decline is still going on, and that our index will be down to 88.0 by January 1953.

Our readers know that this is one of the chief reasons for our lack of optimism for the short-term outlook. The second line on the chart below is the solid blue line. This line represents the yearly level of national real estate activity. Notice how closely these two lines - one representing real estate activity and the other representing marriages - follow each other. During the early 1940's marriages rose while real estate activity declined. This, however, was a natural reaction brought on by the war. The difference between the two lines during the last couple of years was caused by large numbers of older families entering the housing market. Their entry into the market was brought about by the most tremendous housing boom on record and history's easiest credit terms. The important point regarding this comparison is not necessarily the distance between the two lines. The important thing to watch is that the change in direction of both lines is made at approximately the same time.

The comparisons on the following pages deal with the marriage rate only. In these charts the marriage rate of each city is shown in blue, while the national average is shown in red.



FLUCTUATIONS IN THE MARRIAGE RATE IN PRINCIPAL CITIES



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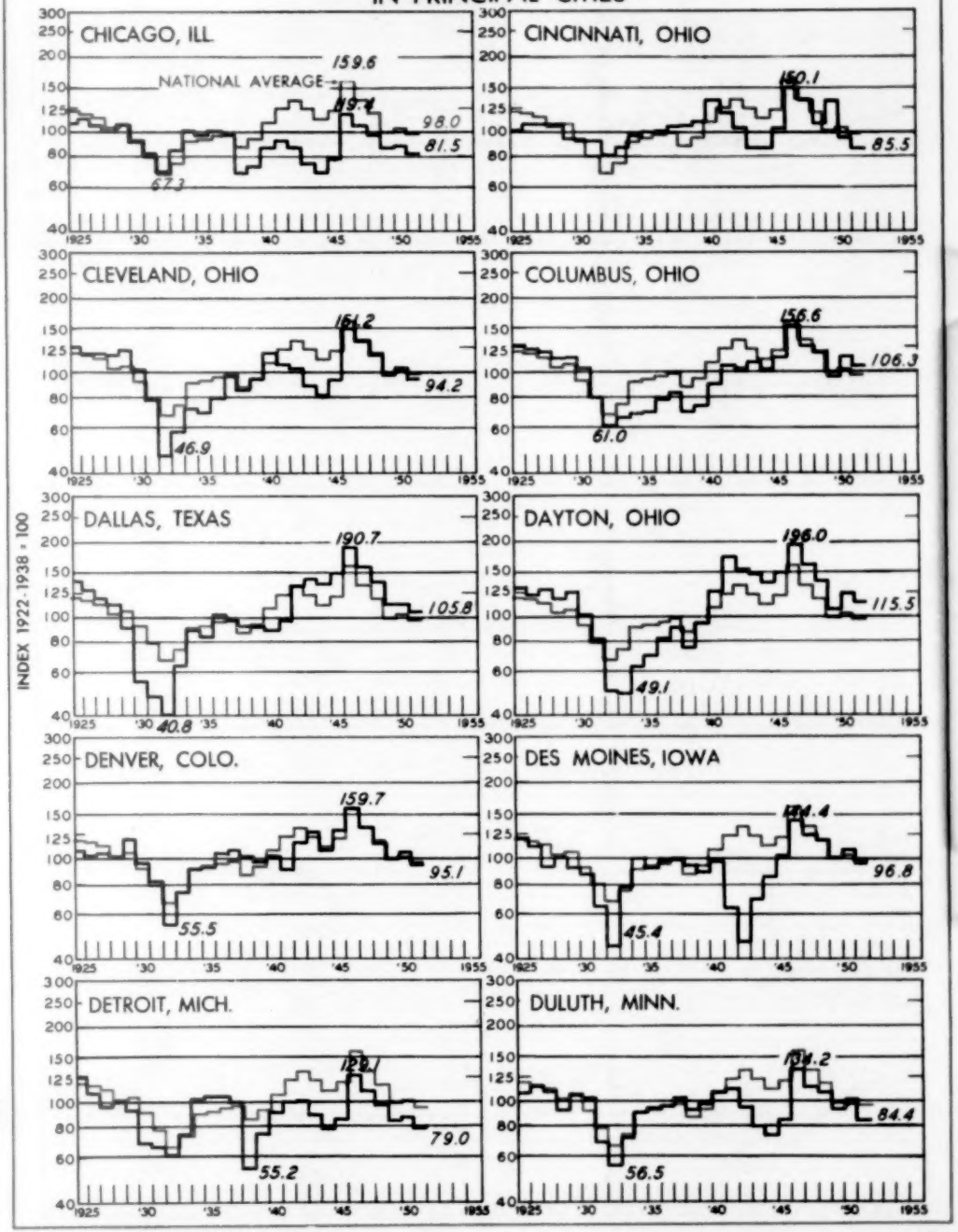

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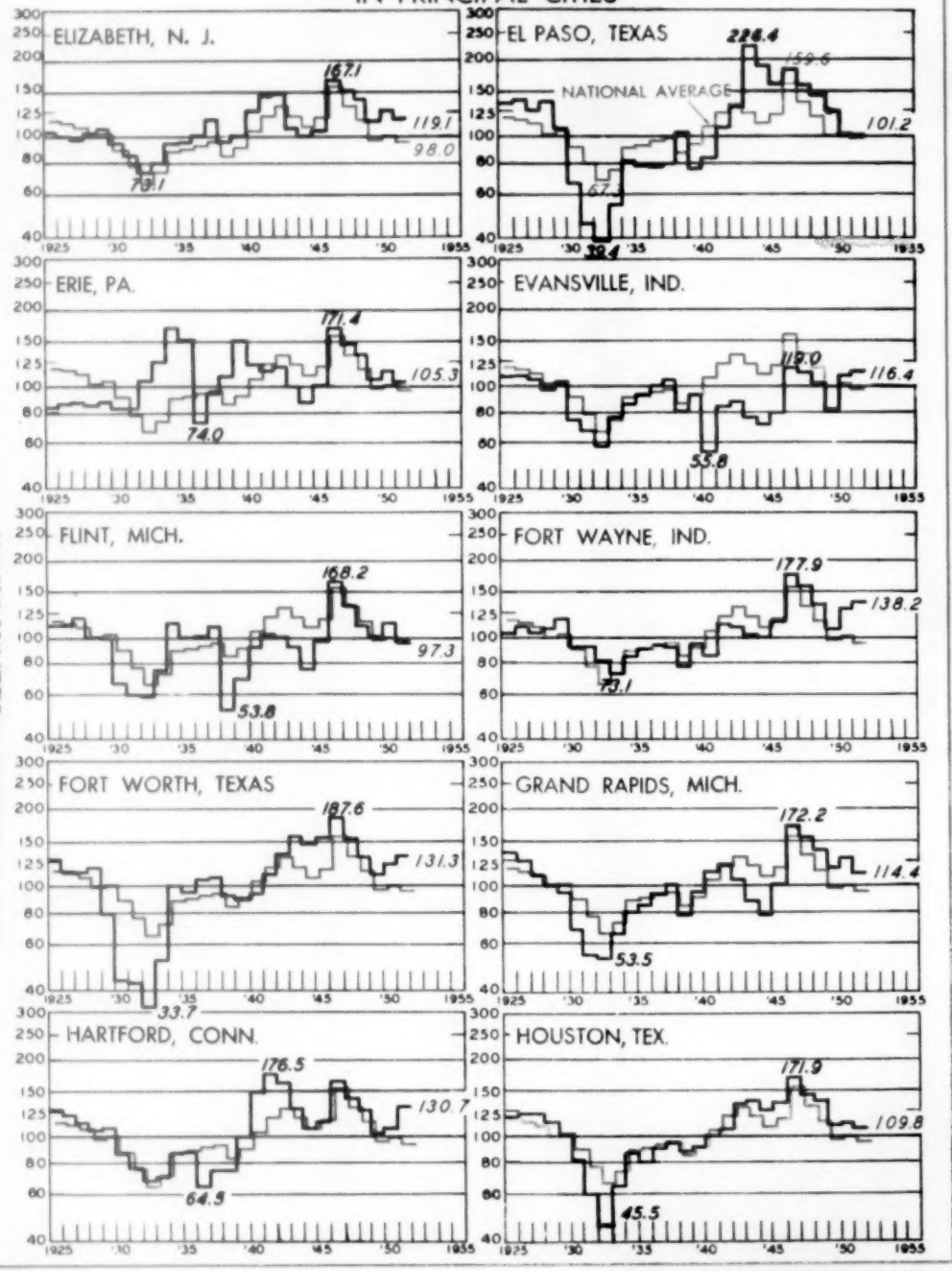

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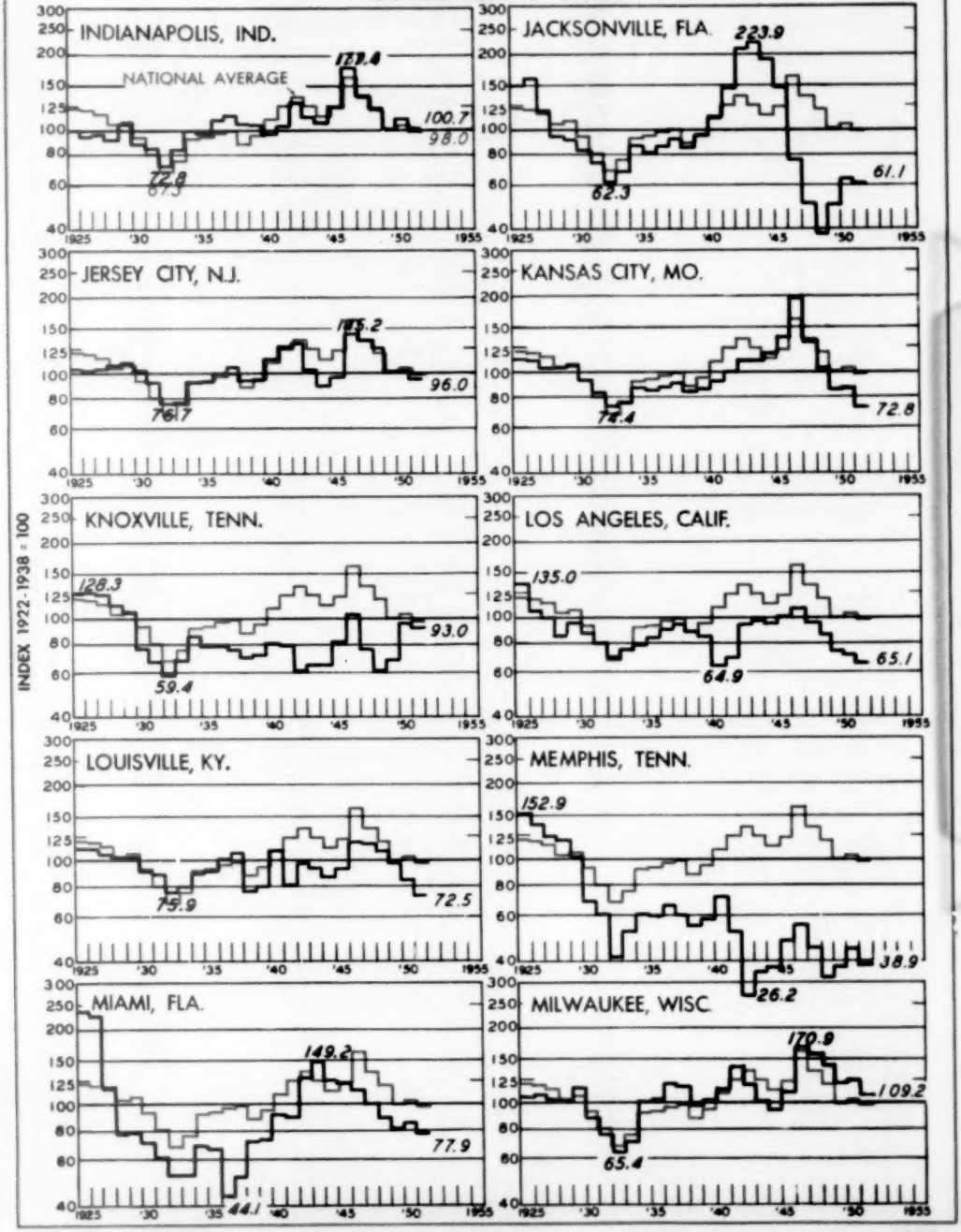

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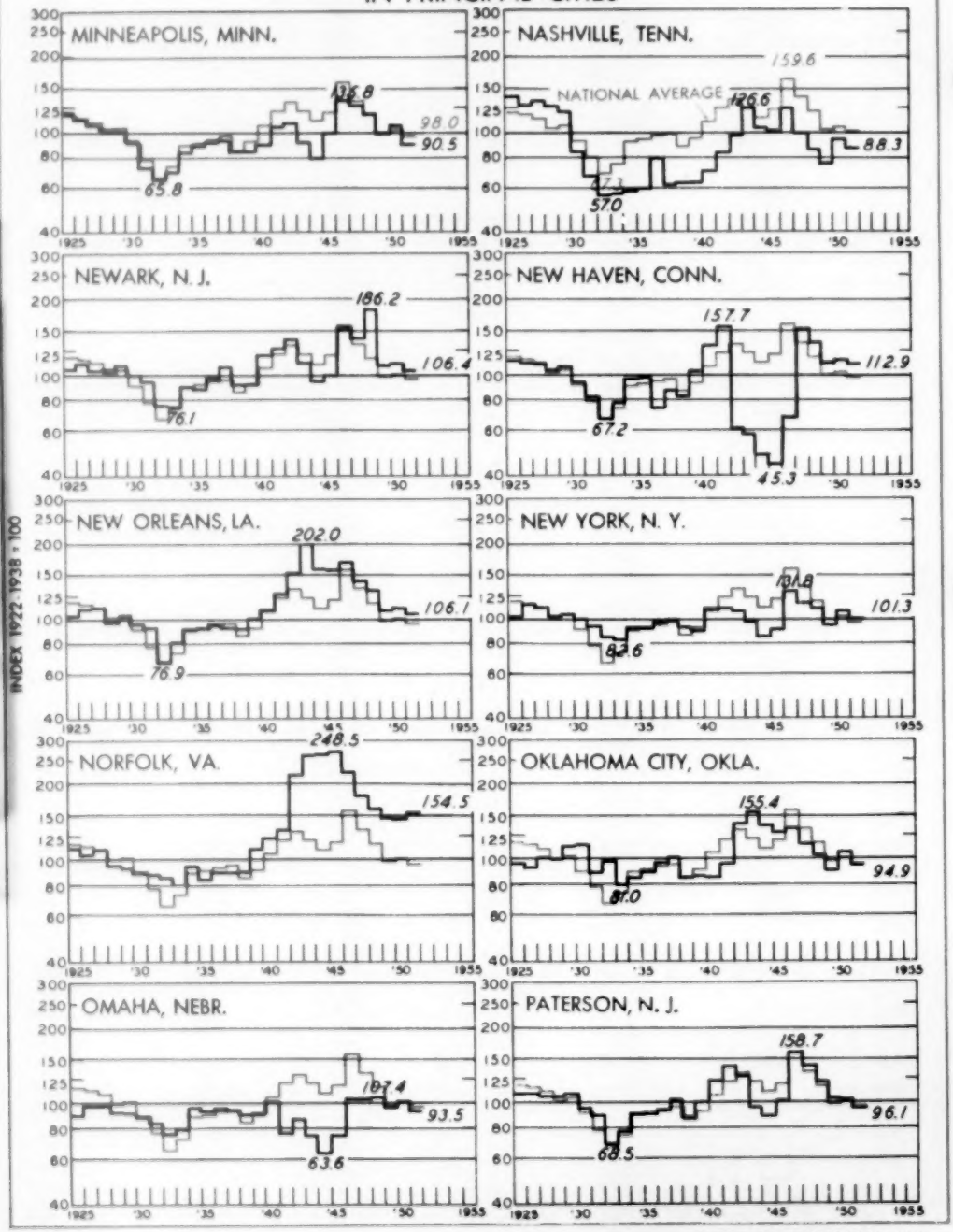

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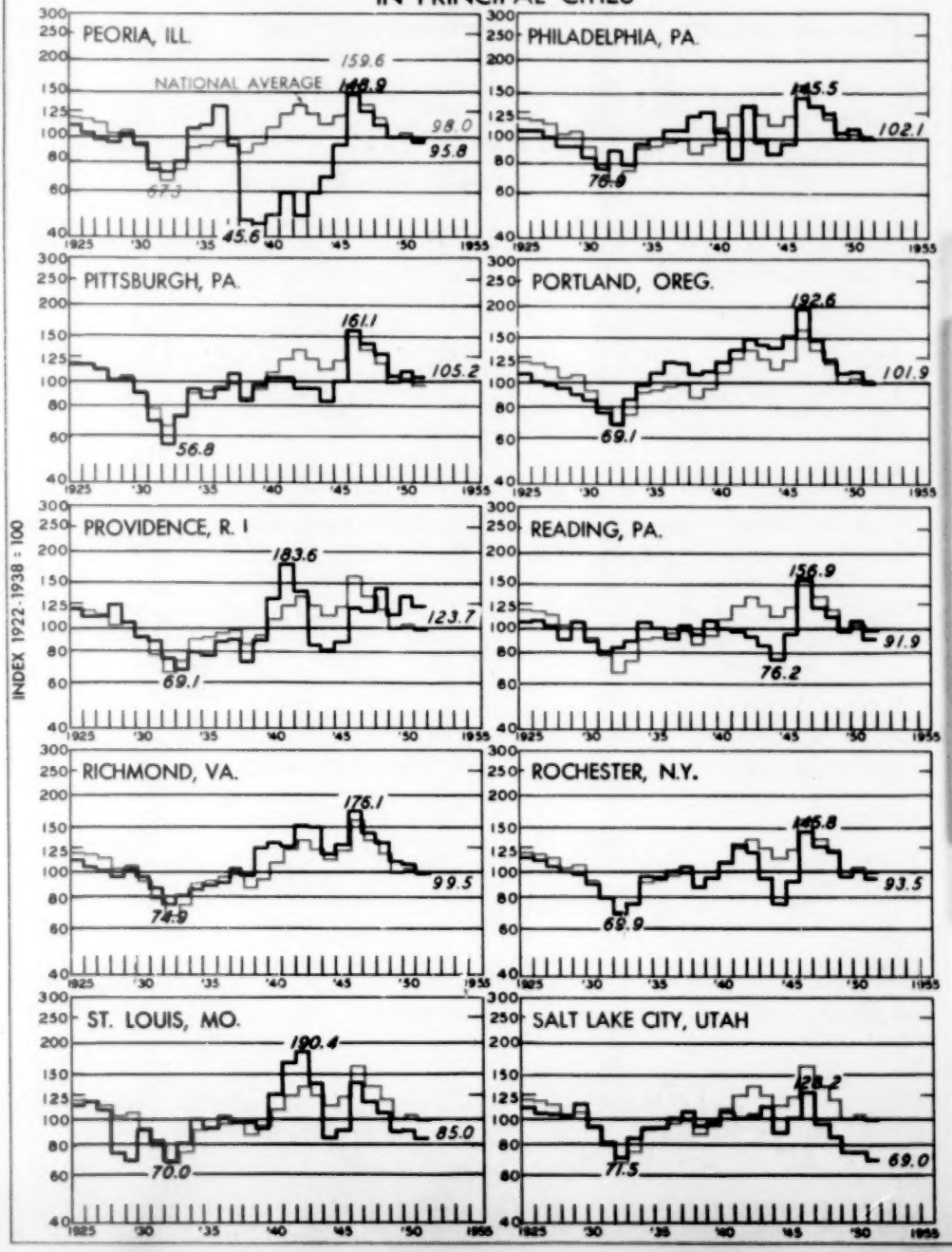

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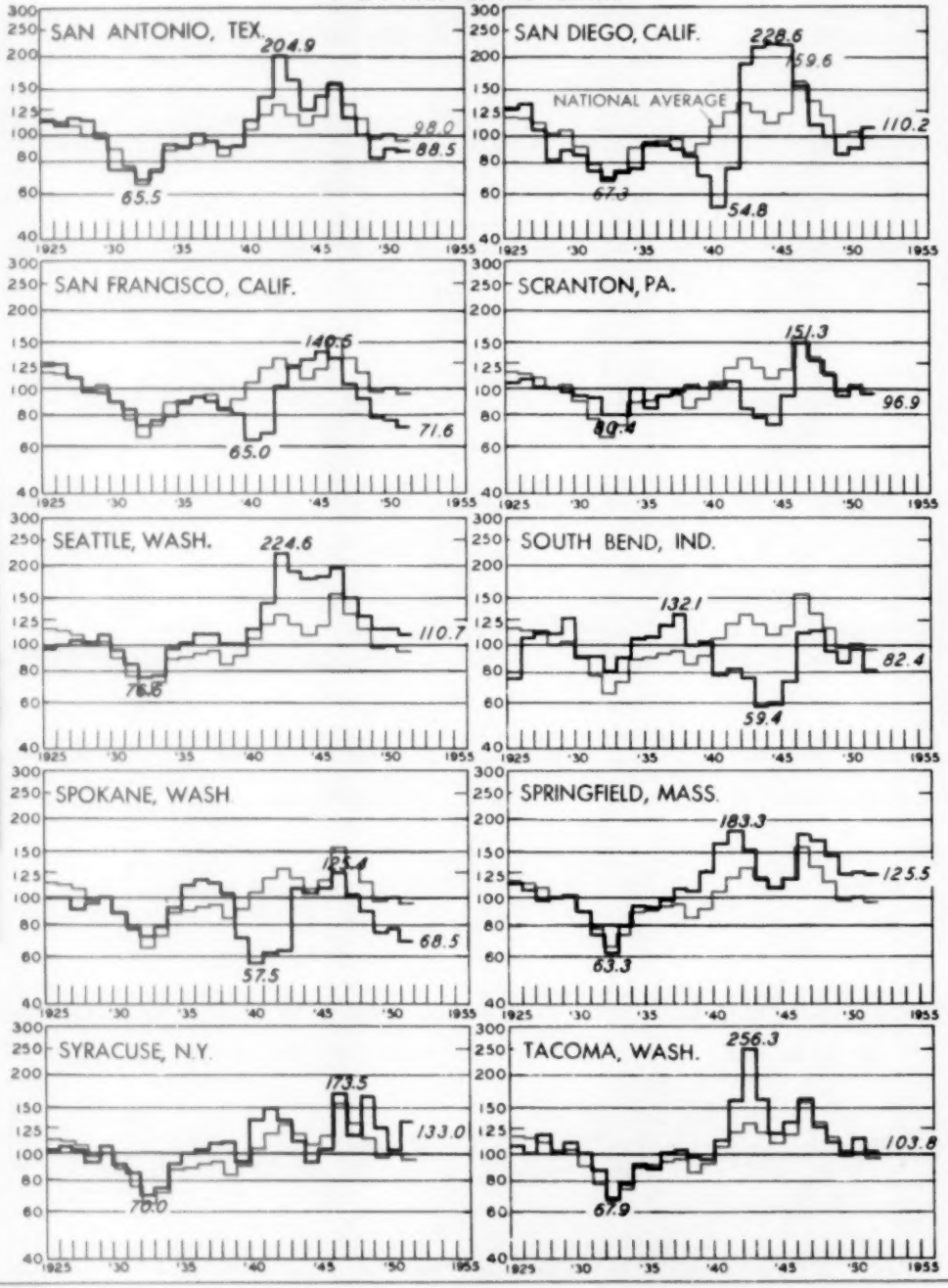

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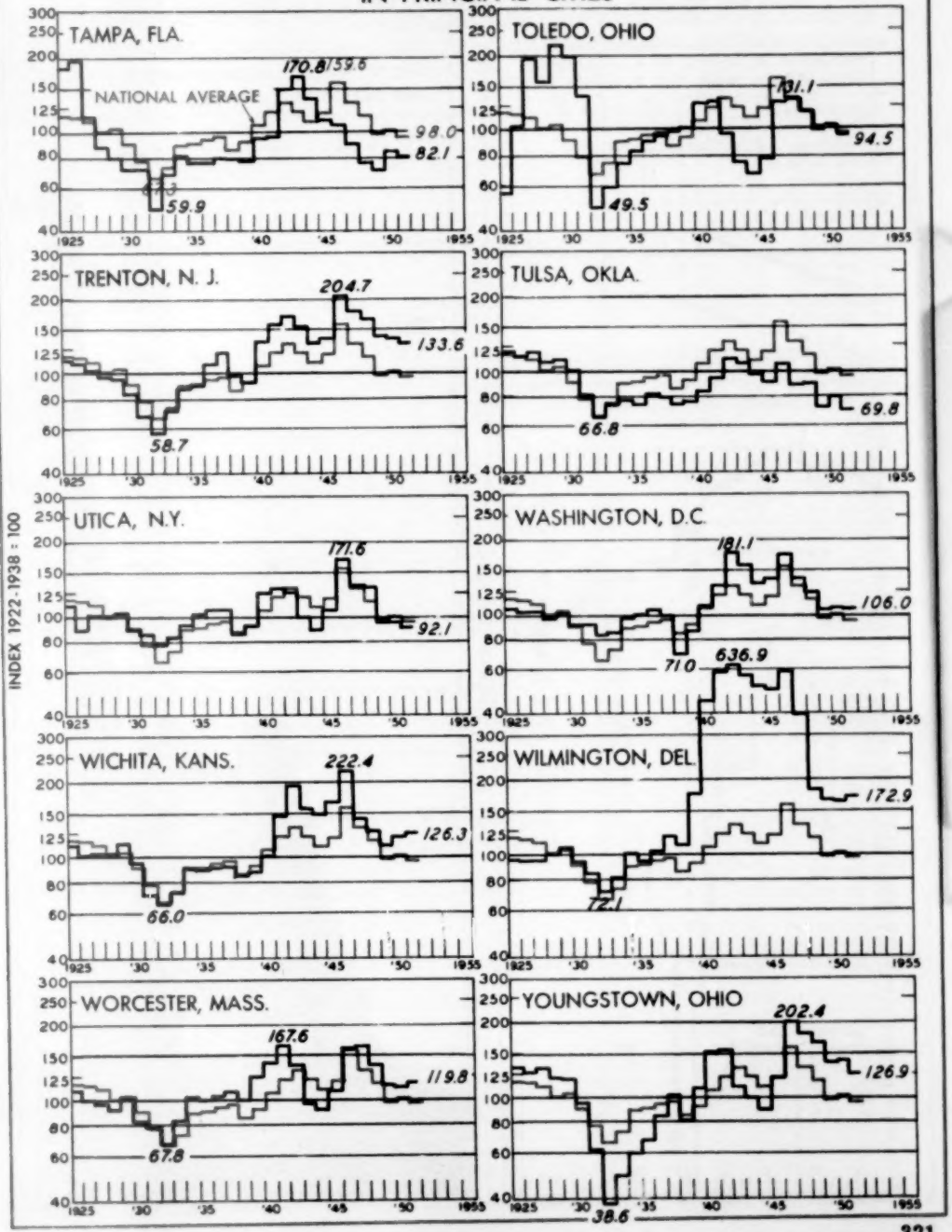

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LIFE INSURANCE COMPANIES AS MORTGAGEES

BASED ON RECORDS OF THE 102 LARGEST COMPANIES IN THE UNITED STATES

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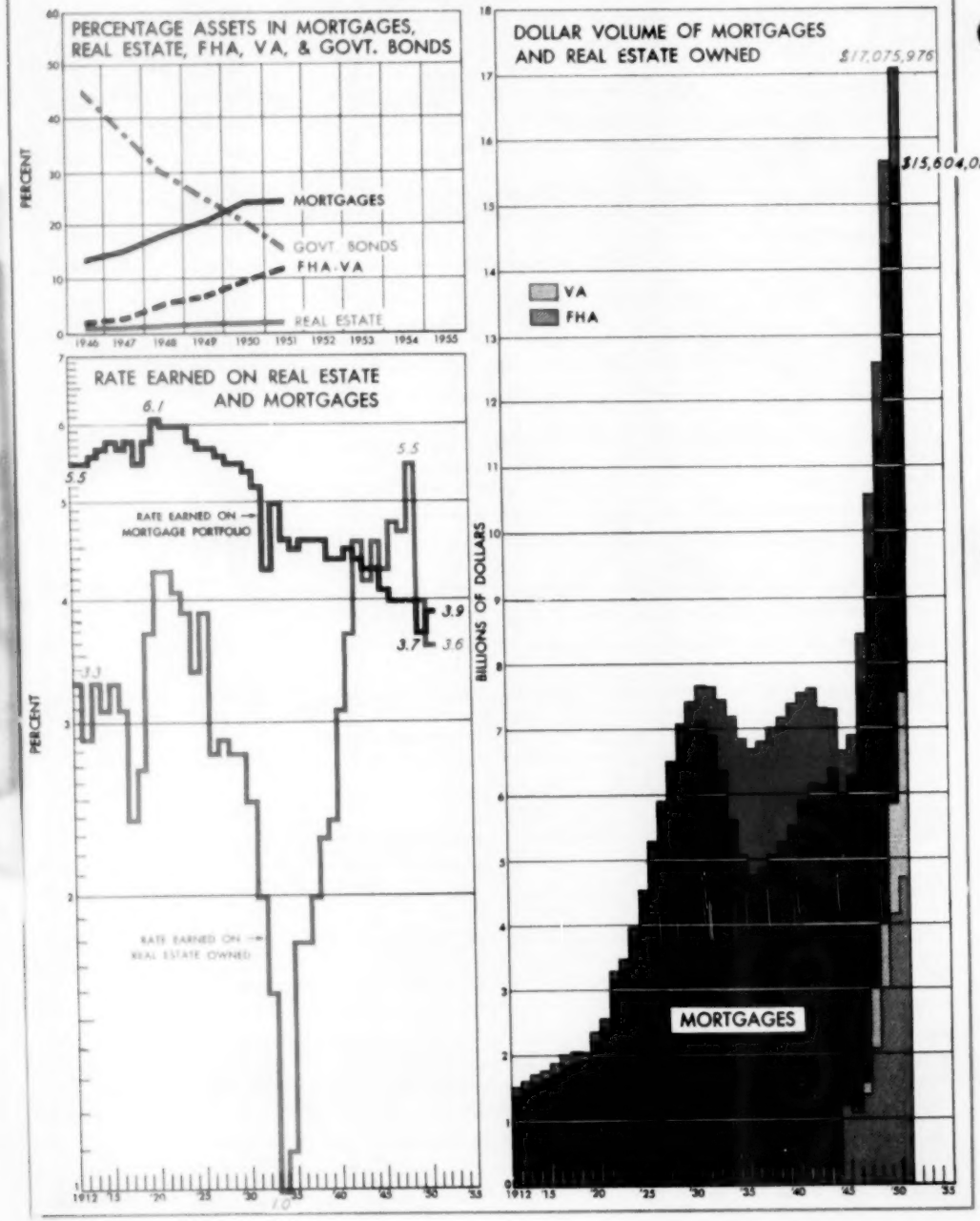

LIFE COMPANIES' MORTGAGE EARNINGS FROM 1912 TO 1951

The table below and chart on the opposite page show that the earnings on mortgages held by the 60 largest life insurance companies in the United States improved slightly in 1951 from a record low in 1950.

	REAL ESTATE OWNED*			REAL ESTATE MORTGAGES			GROSS ASSETS
Year	Amount	% of Assets	Rate Earned	Amount	% of Assets	Rate Earned	Amount
1912	$ 146,166,000	3.5	3.3	$ 1,379,939,000	33.3	5.5	$ 4,149,526,000
1913	121,937,000	2.8	2.9	1,499,309,000	34.2	5.5	4,383,429,000
1914	138,325,000	3.0	3.3	1,581,706,000	34.1	5.6	4,643,300,000
1915	137,311,000	2.8	3.1	1,645,885,000	33.8	5.7	4,874,996,000
1916	138,345,000	2.6	3.3	1,744,232,000	33.1	5.8	5,263,263,000
1917	150,396,000	2.7	3.1	1,863,292,000	33.3	5.7	5,595,618,000
1918	149,766,000	2.5	2.4	1,903,820,000	31.4	5.8	6,064,021,000
1919	135,409,000	2.1	2.7	1,909,279,000	30.1	5.5	6,352,990,000
1920	133,806,000	1.9	3.7	2,216,229,000	32.3	5.8	6,871,023,000
1921	144,252,000	2.0	4.3	2,420,470,000	33.5	6.1	7,229,795,000
1922	149,437,000	1.9	4.3	3,143,557,000	39.0	6.0	8,060,855,000
1923	157,922,000	1.8	4.1	3,303,878,000	37.7	6.0	8,765,533,000
1924	174,633,000	1.8	3.9	3,792,021,000	39.2	6.0	9,671,109,000
1925	189,181,000	1.8	3.4	4,359,155,000	40.7	5.8	10,705,786,000
1926	216,422,000	1.8	3.9	5,076,147,000	42.6	5.7	11,916,205,000
1927	252,857,000	1.9	2.8	5,669,244,000	42.8	5.7	13,261,266,000
1928	300,118,000	2.0	2.9	6,221,344,000	42.1	5.6	14,776,734,000
1929	344,446,000	2.1	2.8	6,752,645,000	41.7	5.5	16,205,703,000
1930	396,379,000	2.3	2.8	7,024,636,000	40.1	5.5	17,502,658,000
1931	522,291,000	2.8	2.5	7,125,832,000	38.1	5.4	18,720,503,000
1932	757,433,000	3.9	2.0	6,877,882,000	35.5	5.2	19,358,913,000
1933	1,120,377,000	5.7	1.6	6,350,391,000	32.2	4.3	19,747,417,000
1934	1,587,881,000	7.7	1.0	5,615,869,000	27.2	5.0	20,645,755,000
1935	1,773,813,000	8.1	1.1	5,074,726,000	23.1	4.6	21,998,046,000
1936	1,913,885,000	8.2	1.8	4,772,895,000	20.4	4.5	23,442,313,000
1937	1,951,971,000	7.9	1.8	4,856,604,000	19.6	4.6	24,838,002,000
1938	1,949,935,000	7.4	2.0	5,062,155,000	19.3	4.6	26,281,722,000
1939	1,915,011,000	6.8	2.3	5,272,315,000	18.7	4.6	28,134,150,000
1940	1,846,903,000	6.3	2.4	5,520,663,000	19.0	4.4	29,121,745,000
1941	1,660,668,000	5.4	3.1	5,890,776,000	19.3	4.4	30,513,433,000
1942	1,461,886,000	4.4	3.7	6,152,398,000	18.7	4.5	32,929,484,000
1943	1,181,140,000	3.2	4.6	6,129,855,000	16.7	4.4	36,783,584,000
1944	922,881,000	2.4	4.2	6,380,277,000	16.5	4.3	38,654,055,000
1945	717,500,000	1.7	4.6	5,952,461,000	14.3	4.3	41,728,006,000
1946	628,589,000	1.4	4.3	6,271,048,000	13.9	4.1	45,101,834,000
1947	756,902,000	1.5	4.8	7,678,416,000	15.5	4.0	49,490,072,000
1948	944,372,000	1.8	4.7	9,616,990,000	18.5	4.0	51,899,916,000
1949	1,121,878,000	2.0	5.5	11,457,589,000	20.7	4.0	55,428,963,000
1950	1,311,801,000	2.2	4.0	14,361,375,000	24.3	3.7	59,114,301,000
1951	1,471,960,000	2.3	3.6	15,604,016,000	24.7	3.9	63,234,623,000

*Includes home office buildings.

Year	Government Bonds	% Assets	VA	FHA	% of Assets in FHA and VA Mortgages
1945	$19,548,581,000	46.8	-	$1,220,831,000	2.9
1946	20,533,663,000	45.5	$ 26,654,000	1,105,227,000	2.5
1947	18,902,492,000	38.2	201,261,000	1,364,626,000	3.2
1948	15,737,902,000	30.3	935,296,000	2,078,643,000	5.8
1949	14,288,446,000	25.8	1,012,818,000	3,003,274,000	7.2
1950	12,492,725,000	21.1	1,677,231,000	4,149,246,000	9.9
1951	10,098,467,000	16.0	2,867,850,000	4,703,058,000	12.0

OFFICE BUILDING VACANCY DROPS AGAIN

THIS time last year, office building vacancy was at the very satisfactory level of 2.19%. Since then, it has moved even lower. The latest survey, published by the National Association of Building Owners and Managers, reports an average vacancy of 1.80% in the major cities of the United States and Canada. Charts on 54 United States cities and 2 Canadian cities are shown on the following pages.

Perhaps the most spectacular collapse in the last real estate depression was that experienced by office buildings. All segments of the real estate industry (and virtually all other business) suffered long and drastically, but in the office building field the depression reached the stage of a debacle.

During the present boom, the reverse has generally been true. The afflictions and annoyances besetting other segments of the real estate industry have not been visited upon office buildings. High construction costs, a source of embarrassment and some annoyance to brokers, mortgage men and builders, have worked strongly in favor of existing office buildings. Except in very unusual cases, costs have risen too high for competing office buildings to be erected.

The owners and managers of office buildings have certainly suffered a minimum of interference from the Federal government. On the other hand, most brokers, builders and lenders have run the gamut from mild annoyance to complete frustration over the multitudinous regulations emanating from Washington. Federal rent control, Regulation X, CMP, last spring's (1951) money panic, and the capriciousness of Fanny May have perhaps evoked a mixture of surprise, sympathy and mild amusement from the office building men. Certainly no stronger feeling was warranted, for these and other government rulings have brushed them only lightly.

Indications are that the office building industry will continue to enjoy its fortunate isolation from governmental edict. Moreover, critical building materials will soon begin to flow in increasing abundance, allowing the start or continuation of modernization programs.

There is no indication that vacancies are to rise to serious proportions in the foreseeable future. Even in those few cities where office building construction has gone ahead, the vacancy level is still very low. A look at the charts on the following pages will show that the recent trend of vacancies has been down in the majority of these cities. The vacancy level increased in only 16 out of the 56 cities. In nearly all 16 cities the increase was microscopic and left the vacancy level at less than 3.5%. The biggest increase in the vacancy level (between October 1951 and May 1952) occurred in Duluth, where it rose from 3.11 to 5.47%. Memphis also had a relatively high vacancy in May - 6.49%. However, this represented a drop from the 7.34% level in November 1951.

OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

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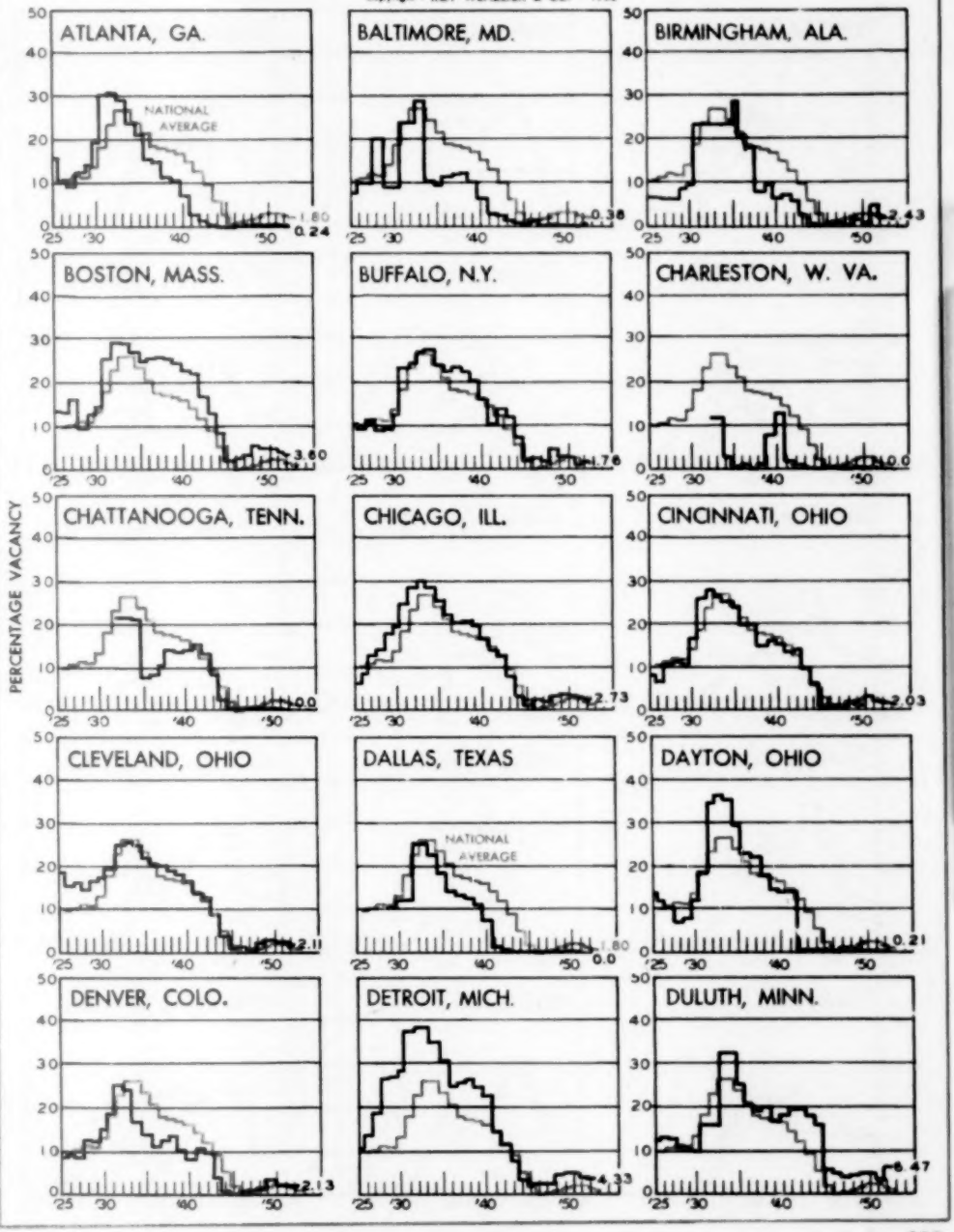

OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

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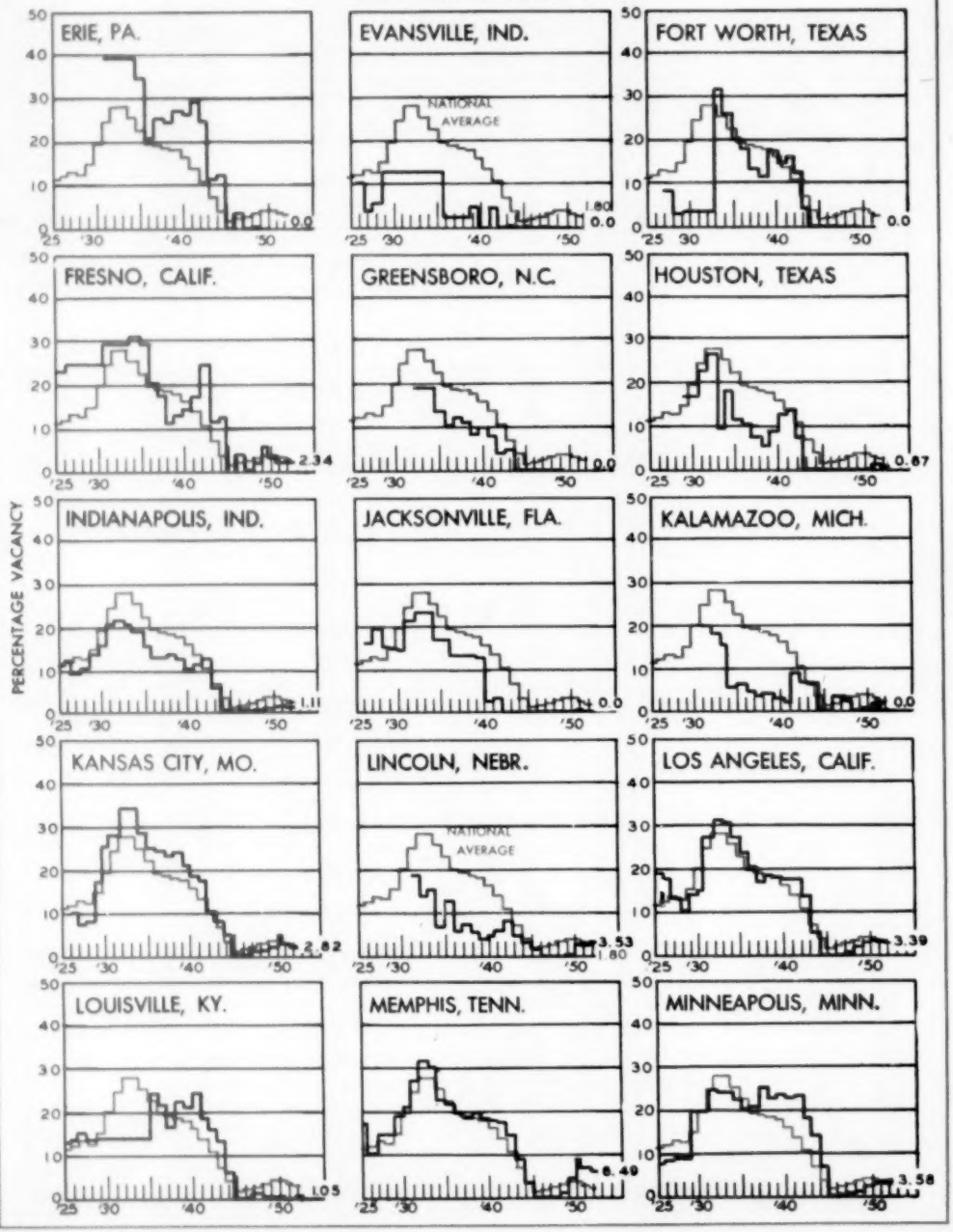

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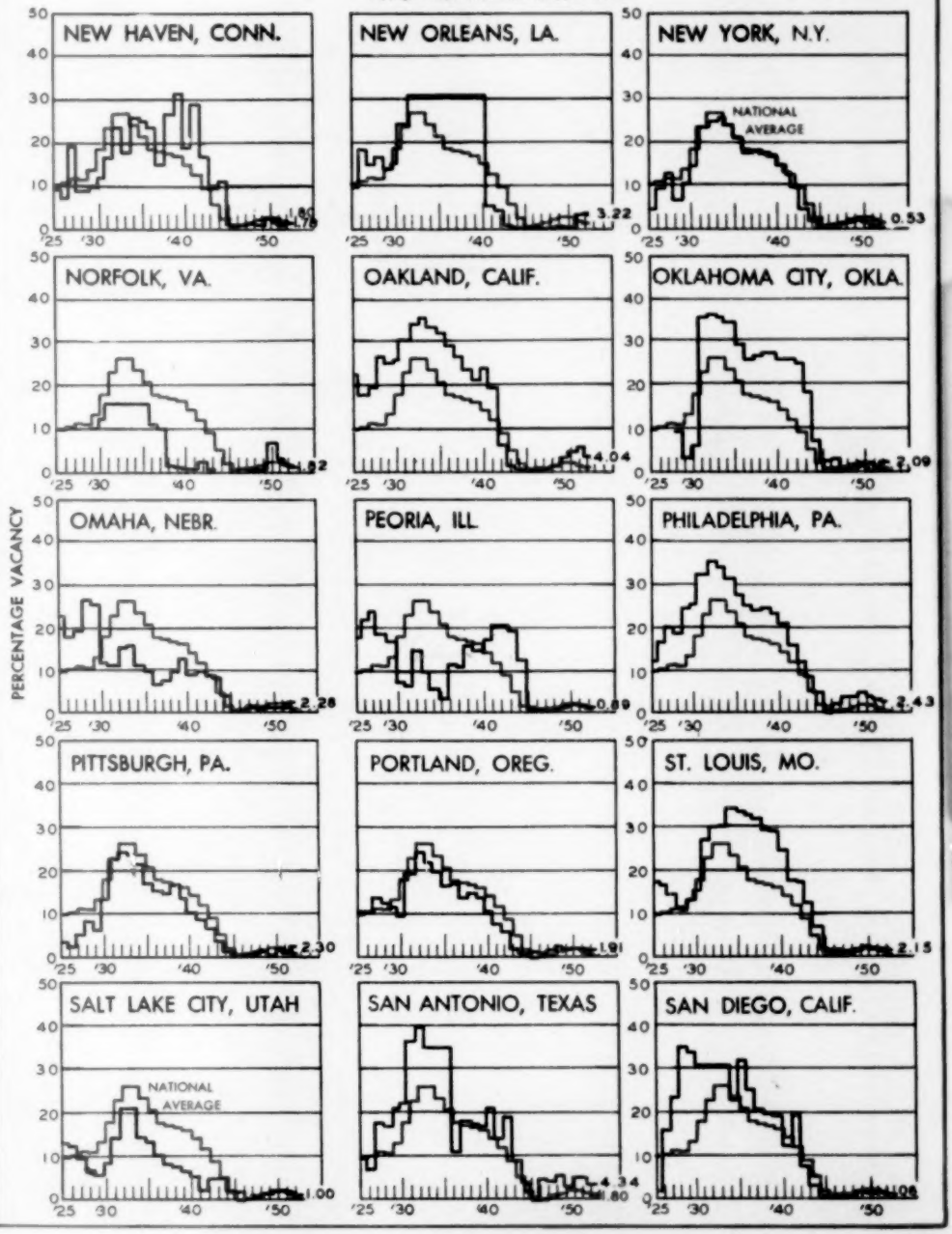

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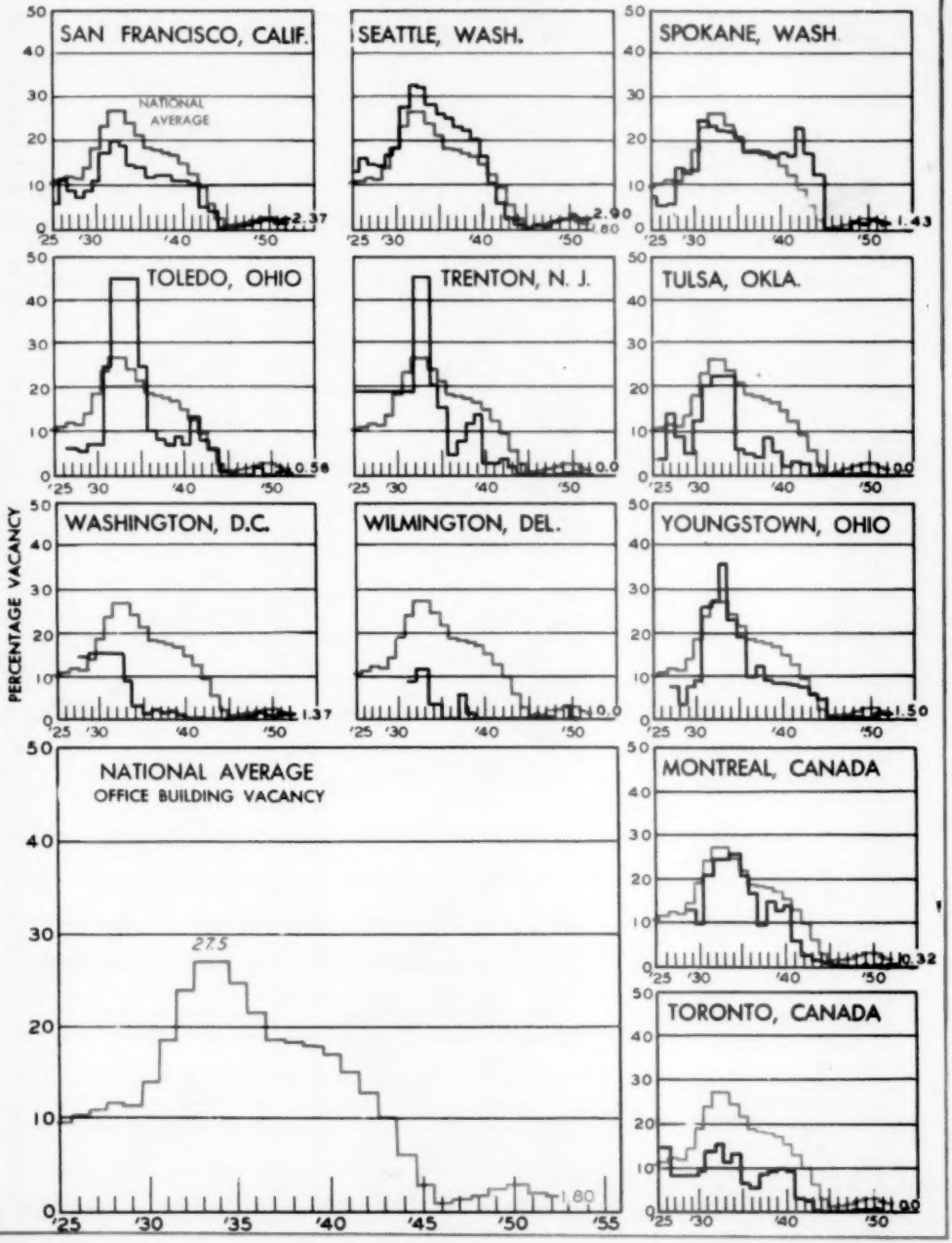
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